

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6883**

**BILL NUMBER:** SB 349

**NOTE PREPARED:** Jan 28, 2004

**BILL AMENDED:**

**SUBJECT:** Hospital Physician Staff Requirement.

**FIRST AUTHOR:** Sen. Waterman

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires a hospital with at least 100 beds to have a physician serving nonemergency patients on duty at all times.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** (Revised) This bill would affect all licensed hospitals with at least 100 beds in the state. The State Department of Health hospital directory lists 155 hospitals. This list includes several hospitals that operate multiple facilities under one license. It also includes psychiatric, rehabilitation, and long-term facilities in addition to short-term acute and critical access facilities. Of the total hospitals, 93 have fewer than 100 beds or are licensed or certified by the Division of Mental Health and Addictions and would be unaffected by this bill; 61 hospitals licensed by the State Department of Health, some with multiple facilities, would potentially be impacted by the requirement to provide 24-hour, in-house physician coverage. A list of the hospitals that would potentially be impacted by the provisions of this bill is available upon request.

This bill would result in two potential impacts on state costs: (1) increased hospital costs passed on to the state as an employer that provides health insurance benefits for employees; and (2) pressure for increased hospital cost reimbursement within the Medicaid program.

The bill does not provide for any distinction by the location of the hospital; rural and urban locations of affected facilities will be impacted differently. Nor does the bill distinguish between the number of patients the cost may be spread over; the 107-bed hospital must provide the same coverage as the 473 bed teaching hospital.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Of the 61 hospitals with over 100 licensed beds, 18 are owned by local units of government. One-third, or 6 of the 18, have 115 or fewer licensed beds. Rural hospitals already report difficulty recruiting physicians to serve in their communities. This additional requirement may result in hospital governing boards considering reducing the number of licensed beds to drop below the 100-bed floor set by this bill or more serious actions depending on the individual circumstances.

In addition, local units and school corporations as employers could be subject to increased costs of providing health care benefits to employees.

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, Office of Medicaid Policy and Planning; Indiana State Department of Health; and potentially all state agencies.

**Local Agencies Affected:** Hospitals licensed for over 100 beds, owned by local units of government, and potentially all local governmental units that provide health insurance for employees.

**Information Sources:** State Department of Health Hospital Directory at [www.in.gov/isdh/regsvcs/acc/hospital/wdirhos.htm](http://www.in.gov/isdh/regsvcs/acc/hospital/wdirhos.htm), Zach Cattell, Legislative Liaison for the State Department of Health, 317-233-2170.

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